

## DoD SELECTED ACQUISITION REPORTS (SAR)

Memorandum For Correspondents

November 18, 1997

The Department of Defense Selected Acquisition Reports (SAR) summarize the latest estimates of cost, schedule, and technical status. These reports are prepared annually in conjunction with the President's budget. Subsequent quarterly exception reports are required only for those programs experiencing unit cost increases of at least 15 percent or schedule delays of at least six months. Quarterly SARs are also submitted for initial reports, final reports, and for programs that are rebaselined at major milestone decisions.

The Department has released details on major defense acquisition program cost and schedule changes since the June 1997 reporting period. This information is based on the SARs submitted to the Congress for the September 30, 1997, reporting period. [Following] is a SAR summary, including narrative explanation of significant cost and schedule changes for this period, and a SAR program acquisition cost summary.

The total program cost estimates provided in the SARs include research and development, procurement, military construction, and acquisition-related operation and maintenance. Total program costs reflect actual costs to date as well as anticipated costs for future efforts. All estimates include allowances for anticipated inflation.

The current estimate of program acquisition costs for programs covered by SARs for the prior reporting period (June 1997) was \$727,311.4 million. After making a correction to reflect actual costs reported in the last PATRIOT PAC-3 SAR and adding the costs for new programs, the June 1997 adjusted current estimate of program acquisition costs was \$739,585.3 million. There was a net increase of \$52.6 million during the current reporting period (September 1997). The cost changes between June and September 1997 are summarized [as follows]:

COST CHANGES BETWEEN JUNE AND SEPTEMBER 1997		CURRENT ESTIMATE (\$ IN MILLIONS)	
June 1997 (74 programs*)		\$	727,311.4
Correction to reflect actual costs reported in the PATRIOT PAC-3 SAR for December 1996		\$	+9.8
Plus new programs (B-1 CMUP-DSUP, NPOESS and NAVY AREA TBMD)		\$	+12,264.1
June 1997 Adjusted (77 programs*)		\$	739,585.3
CHANGES SINCE LAST REPORT			
Economic		\$	+5.0
Quantity		\$	-17.6
Schedule		\$	+68.5
Engineering		\$	-19.3
Estimating		\$	-1.4
Other		\$	0.0
Support		\$	+17.4
Net Cost Change		\$	+52.6
September 1997 (77 programs*)		\$	739,637.9
• Excludes classified costs for the Air Force's MILSTAR program.			

The net increase of \$52.6 million or +0.01 percent during the current reporting period (September 1997) was due primarily to a net increase in program quantities. The Army's CSSCS [Combat Service Support Control System] and JAVELIN [Advanced Anti-Tank Weapon System] programs and the Air Force's NAS [National Aerospace System] program are planning to buy additional quantities, and the Navy's AN/SQQ-89 and the Air Force's AWACS RSIP [E-3 Radar System Improvement] programs are planning to buy fewer quantities. As of the September 1997 reporting period, there were 12 quarterly reports submitted on programs that have reported SARs previously.

## Army

*AFATDS (Advanced Field Artillery Tactical Data System)* – The SAR was submitted to report a schedule delay of more than six months. The schedule for fielding software changed by up to 10 months because of: 1) the addition or acceleration of some requirements; 2) the redefinition of some software releases and their associated functionality; and 3) the realignment of the software release cycle from a 12- to 15-month schedule. The cost impact of this schedule change is being developed and will be reported in the December 1997 SAR.

*ATACMS-APAM (Army Tactical Missile System-Anti-Personnel Anti-Materiel)* – The SAR was submitted to report schedule slips of one year in the ATACMS Block IA production schedule. The Army decided to remain in low rate production (LRIP) for a second year due to concerns from the test community over operational effectiveness and suitability. The LRIP II contract was subsequently awarded in April 1997, the Block IA production decision changed from March 1997 to March 1998, and the full rate production contract award from April 1997 to April 1998. Program costs increased \$0.7 million (+0.03 percent) from \$2,400.7 million to \$2,401.4 million, due to a budget adjustment.

*CSSCS (Combat Service Support Control System)* – The SAR was submitted to reflect the approval of full rate production (Milestone III) by the Army in April 1997. The new Acquisition Program Baseline reflects an 11-month schedule slip in the fielding of Version 5 software and other related milestones. The milestone decision also authorized the purchase of an additional 525 systems (from 1241 to 1766 systems), which increased program costs \$71.2 million (+28.0 percent) from \$254.1 million to \$325.3 million.

*JAVELIN (Advanced Anti-Tank Weapon System)* – The SAR was submitted to report the approval of full rate production (Milestone III) by the Army in May 1997. The start of Follow-On Operational Test and Evaluation was delayed from October 1998 to January 1999 to ensure the availability of Enhanced Producibility Program (EPP) Command Launch Units (CLU). Program costs increased \$76.4 million (+2.0 percent) from \$3,849.6 million to \$3,926.0 million, due primarily to a quantity increase of 842 (CLU) from 3,506 to 4,348 units (+\$87.9 million). This increase was partially offset by a quantity reduction of 514 rounds from 28,967 to 28,453 rounds (-\$31.7 million).

## Navy

*AAAV (Advanced Amphibious Assault Vehicle)* – The SAR was submitted to report a revision in the program schedule since the December 1996 SAR. The program was accelerated by four months due to a \$20 million Congressional increase in FY 1997.

*AN/SQQ-89 (Anti-Submarine Warfare Combat System)* – Since the program is more than 90 percent expended, this is the final SAR in accordance with Section 2432, Title 10, United States Code. Program costs decreased \$90.9M (-2.2 percent) from \$4,141.5 million to \$4,050.6 million, due primarily to a quantity decrease of 6 units from 91 to 85 units.

*AOE 6 (Fast Combat Support Ship)* – Since the program is more than 90 percent expended, this is the final SAR in accordance with Section 2432, Title 10, United States Code.

*JSOW (Joint Standoff Weapon)* – The SAR was submitted to report schedule slips of more than six months in the testing program. These test schedule changes do not impact any major program milestone. No cost changes were reported.

*MIDS-IVT (Multifunctional Information Distribution System-Low Volume Terminal)* – The SAR was submitted to report a schedule slip of six months (from June 1997 to December 1997) in the delivery of the first engineering and manufacturing development (EMD) terminal. This slip resulted from minor problems encountered during integration of the

first six EMD terminals and a delay in test software development related to the interface bus used by the French Rafale. In addition, the estimated date for first EMD flight slipped seven months (from April 1998 to November 1998), due to a [fiscal 1998] funding shortfall. There are no known cost impacts to the MIDS-LVT program as a result of these schedule delays.

*SH-60R (Multi-Mission Helicopter Upgrade)* – The SAR was submitted to report schedule slips of six months or more in several program milestones resulting from a reprogramming of \$57 million in advanced procurement funding from [fiscal 1998 to fiscal 1999 and fiscal 2001]. The reprogramming resulted from implementation of DoD advance procurement full funding policy. The milestone changes included a two-year delay in Critical Design Review (from March 1997 to March 1999) and a nine-month delay in completion of TECHEVAL (from June 2001 to March 2002). The Airborne Low Frequency Sonar segment is also estimated to slip, including three years and nine months, both in completion of TECHEVAL (from June 1998 to March 2002) and in Milestone III (from March 1999 to January 2003). These changes are not estimated to significantly affect the Initial Operating Capability. Cost impacts are being evaluated and will be reported in the December 1997 SAR.

### Air Force

*AWACS RSIP (E-3 Radar System Improvement Program)* – This quarterly exception SAR is being submitted to reflect the full rate production decision (Milestone III) of September 1997. Program costs decreased \$8.2 million (-0.9 percent), from \$899.5 million to \$891.3 million, due primarily to a quantity reduction of 1 kit from 33 to 32 kits (\$-12.1 million). These decreases were partially offset by a revised estimate for installation costs (\$+3.5 million).

*NAS (National Aerospace System)* – This SAR was submitted to report a schedule delay of more than six months resulting from a contract award protest. The schedule change occurred because the prime contractor (Raytheon) could not start contract work for 12 months on the newly awarded Digital Airport Surveillance Radar contract. A modification to the test approach necessitated by the protest resulted in an additional six months' delay, bringing the total schedule slip to 18 months. Program costs increased \$3.4 million (+0.4 percent), from \$782.5 million to \$785.9 million, due primarily to a quantity increase of 12 sites, from 53 to 65 sites.

### New SARs (As of September 30, 1997)

The Department of Defense has submitted an initial SAR for the National Missile Defense (NMD) program. This report does not represent cost growth. The baseline established on this program will be the point from which future changes will be measured. The current cost estimate [follows]:

PROGRAM	CURRENT ESTIMATE (\$ IN MILLIONS)
NMD (National Missile Defense)	\$ 6,629.0*
* Pre-Milestone II program reporting RDT&E [research, development, test and evaluation] costs only, in accordance with the provisions of Section 2432, Title 10, United States Code.	

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